

1 SENATE BILL NO. 172

2 INTRODUCED BY R. JOHNSON

3 BY REQUEST OF THE OFFICE OF BUDGET AND PROGRAM PLANNING

4

5 A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THAT THE DISTRIBUTION OF INCOME FROM THE
6 COAL SEVERANCE TAX PERMANENT FUND, TREASURE STATE ENDOWMENT FUND, TREASURE STATE
7 ENDOWMENT REGIONAL WATER FUND, CULTURAL AND AESTHETIC PROJECTS TRUST FUND, PARKS
8 ACQUISITION AND MANAGEMENT TRUST FUND, AND RESOURCE INDEMNITY TRUST FUND DOES NOT
9 INCLUDE UNREALIZED GAINS AND LOSSES; CLARIFYING THAT THE FUND BALANCE FOR THE
10 RESOURCE AND INDEMNITY TRUST FUND EXCLUDES UNREALIZED GAINS AND LOSSES; AMENDING
11 SECTIONS 15-35-108, 15-38-202, 17-5-703, AND 17-5-704, MCA; AND PROVIDING AN IMMEDIATE
12 EFFECTIVE DATE."

13

14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

15

16 **Section 1.** Section 15-35-108, MCA, is amended to read:

17 **"15-35-108. (Temporary) Disposal of severance taxes.** Severance taxes collected under this
18 chapter must, in accordance with the provisions of 15-1-501, be allocated as follows:

19 (1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by
20 Article IX, section 5, of the Montana constitution. The trust fund money must be deposited in the fund
21 established under 17-6-203(6) and invested by the board of investments as provided by law.

22 (2) Twelve percent of coal severance tax collections is allocated to the long-range building
23 program account established in 17-7-205.

24 (3) The amount of 8.36% must be credited to an account in the state special revenue fund to be
25 allocated by the legislature for local impacts, county land planning, provision of basic library services for
26 the residents of all counties through library federations and for payment of the costs of participating in
27 regional and national networking, conservation districts, and the Montana Growth Through Agriculture Act.
28 Expenditures of the allocation may be made only from this account. Money may not be transferred from
29 this account to another account other than the general fund. Any unreserved fund balance at the end of
30 each fiscal year must be deposited in the general fund.

(4) The amount of 1.27% must be allocated to a nonexpendable trust fund for the purpose of parks acquisition or management. Income from this trust fund, excluding unrealized gains and losses, must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas described in 23-1-102.

(5) The amount of 0.95% must be allocated to the debt service fund type to the credit of the renewable resource loan debt service fund.

(6) The amount of 0.63% must be allocated to a trust fund for the purpose of protection of works of art in the capitol and for other cultural and aesthetic projects. Income from this trust fund, excluding unrealized gains and losses, must be appropriated for protection of works of art in the state capitol and for other cultural and aesthetic projects.

(7) (a) Subject to subsection (7)(b), all other revenue from severance taxes collected under the provisions of this chapter must be credited to the general fund of the state.

(b) The interest income from \$140 million of the coal severance tax permanent fund that is deposited in the general fund is statutorily appropriated, as provided in 17-7-502, for the biennium ending June 30, 2001, as follows:

(i) \$65,000 to the cooperative development center;

(ii) \$1.25 million for the growth through agriculture program provided for in Title 90, chapter 9;

(iii) to the department of commerce:

(A) \$350,000 for business recruitment;

(B) \$125,000 for a small business development center;

(C) \$50,000 for a small business innovative research program;

(D) \$425,000 for certified communities;

(E) \$200,000 for the Montana manufacturing extension center at Montana state university-Bozeman; and

(F) \$300,000 for export trade enhancement; and

(iv) \$600,000 to the department of administration for the purpose of reimbursing tax increment financing industrial districts as provided in 7-15-4299. Reimbursement must be made to qualified districts on a proportional basis to the loss of taxable value as a result of Chapter 285, Laws of 1999, and as documented by the department of revenue. This documentation must be provided to the budget director and to the legislative fiscal analyst. The reimbursement may not be used to pay debt service on tax

1 increment bonds to the extent that the bonds are secured by a guaranty, a letter of credit, or a similar
2 arrangement provided by or on behalf of an owner of property within the district. (Terminates June 30,
3 2001--sec. 10(1), Ch. 10, Sp. L. May 2000.)

4 **15-35-108. (Effective July 1, 2001) Disposal of severance taxes.** Severance taxes collected under
5 this chapter must, in accordance with the provisions of 15-1-501, be allocated as follows:

6 (1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by
7 Article IX, section 5, of the Montana constitution. The trust fund money must be deposited in the fund
8 established under 17-6-203(6) and invested by the board of investments as provided by law.

9 (2) Twelve percent of coal severance tax collections is allocated to the long-range building
10 program account established in 17-7-205.

11 (3) The amount of 8.36% must be credited to an account in the state special revenue fund to be
12 allocated by the legislature for local impacts, county land planning, provision of basic library services for
13 the residents of all counties through library federations and for payment of the costs of participating in
14 regional and national networking, conservation districts, and the Montana Growth Through Agriculture Act.
15 Expenditures of the allocation may be made only from this account. Money may not be transferred from
16 this account to another account other than the general fund. Any unreserved fund balance at the end of
17 each fiscal year must be deposited in the general fund.

18 (4) The amount of 1.27% must be allocated to a nonexpendable trust fund for the purpose of
19 parks acquisition or management. Income from this trust fund, excluding unrealized gains and losses, must
20 be appropriated for the acquisition, development, operation, and maintenance of any sites and areas
21 described in 23-1-102.

22 (5) The amount of 0.95% must be allocated to the debt service fund type to the credit of the
23 renewable resource loan debt service fund.

24 (6) The amount of 0.63% must be allocated to a trust fund for the purpose of protection of works
25 of art in the capitol and for other cultural and aesthetic projects. Income from this trust fund, excluding
26 unrealized gains and losses, must be appropriated for protection of works of art in the state capitol and
27 for other cultural and aesthetic projects.

28 (7) (a) Subject to subsections (7)(b) and (7)(c), all other revenue from severance taxes collected
29 under the provisions of this chapter must be credited to the general fund of the state.

30 (b) The interest income from \$140 million of the coal severance tax permanent fund that is

1 deposited in the general fund is statutorily appropriated, as provided in 17-7-502, on an annual basis as
2 follows:

3 (i) \$65,000 to the cooperative development center;

4 (ii) \$1.25 million for the growth through agriculture program provided for in Title 90, chapter 9;

5 (iii) to the department of commerce:

6 (A) \$350,000 for business recruitment;

7 (B) \$125,000 for a small business development center;

8 (C) \$50,000 for a small business innovative research program;

9 (D) \$425,000 for certified communities;

10 (E) \$200,000 for the Montana manufacturing extension center at Montana state
11 university-Bozeman; and

12 (F) \$300,000 for export trade enhancement; and

13 (iv) \$600,000 to the department of administration for the purpose of reimbursing tax increment
14 financing industrial districts as provided in 7-15-4299. Reimbursement must be made to qualified districts
15 on a proportional basis to the loss of taxable value as a result of Chapter 285, Laws of 1999, and as
16 documented by the department of revenue. This documentation must be provided to the budget director
17 and to the legislative fiscal analyst. The reimbursement may not be used to pay debt service on tax
18 increment bonds to the extent that the bonds are secured by a guaranty, a letter of credit, or a similar
19 arrangement provided by or on behalf of an owner of property within the district.

20 (c) Beginning July 1, 2001, there is transferred annually from the interest income referred to in
21 subsection (7)(b) \$4.85 million to the research and commercialization expendable trust fund created in
22 90-3-1002. (Terminates June 30, 2005--sec. 10(2), Ch. 10, Sp. L. May 2000.)

23 **15-35-108. (Effective July 1, 2005) Disposal of severance taxes.** Severance taxes collected under
24 this chapter must, in accordance with the provisions of 15-1-501, be allocated as follows:

25 (1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by
26 Article IX, section 5, of the Montana constitution. The trust fund money must be deposited in the fund
27 established under 17-6-203(6) and invested by the board of investments as provided by law.

28 (2) Twelve percent of coal severance tax collections is allocated to the long-range building
29 program account established in 17-7-205.

30 (3) The amount of 8.36% must be credited to an account in the state special revenue fund to be

1 allocated by the legislature for local impacts, county land planning, provision of basic library services for
2 the residents of all counties through library federations and for payment of the costs of participating in
3 regional and national networking, conservation districts, and the Montana Growth Through Agriculture Act.
4 Expenditures of the allocation may be made only from this account. Money may not be transferred from
5 this account to another account other than the general fund. Any unreserved fund balance at the end of
6 each fiscal year must be deposited in the general fund.

7 (4) The amount of 1.27% must be allocated to a nonexpendable trust fund for the purpose of
8 parks acquisition or management. Income from this trust fund, excluding unrealized gains and losses, must
9 be appropriated for the acquisition, development, operation, and maintenance of any sites and areas
10 described in 23-1-102.

11 (5) The amount of 0.95% must be allocated to the debt service fund type to the credit of the
12 renewable resource loan debt service fund.

13 (6) Beginning July 1, 1997, and ending June 30, 1999, the amount of 0.87% must be allocated
14 to an account in the state special revenue fund for the purpose of protection of works of art in the state
15 capitol and for other cultural and aesthetic projects. Beginning July 1, 1999, the amount of 0.63% must
16 be allocated to a trust fund for the purpose of protection of works of art in the capitol and for other
17 cultural and aesthetic projects. Income from this trust fund, excluding unrealized gains and losses, must
18 be appropriated for protection of works of art in the state capitol and for other cultural and aesthetic
19 projects.

20 (7) All other revenue from severance taxes collected under the provisions of this chapter must be
21 credited to the general fund of the state."

22
23 **Section 2.** Section 15-38-202, MCA, is amended to read:

24 **"15-38-202. (Temporary) Investment of resource indemnity trust fund -- expenditure -- minimum**
25 **balance.** (1) All money paid into the resource indemnity trust fund, including money payable into the fund
26 under the provisions of 15-36-324 and 15-37-117, must be invested at the discretion of the board of
27 investments. Only the net earnings, excluding unrealized gains and losses, may be appropriated and
28 expended until the ~~book value of the~~ fund BALANCE, EXCLUDING UNREALIZED GAINS AND LOSSES, reaches \$100
29 million. Thereafter, all net earnings, excluding unrealized gains and losses, and all receipts may be
30 appropriated by the legislature and expended, provided that the ~~balance in book value of the~~ fund BALANCE,

1 EXCLUDING UNREALIZED GAINS AND LOSSES, may never be less than \$100 million.

2 (2) (a) At the beginning of each fiscal year, there is allocated from the interest income of the
3 resource indemnity trust fund:

4 (i) \$240,000, which is statutorily appropriated, as provided in 17-7-502, to be deposited into the
5 renewable resource grant and loan program state special revenue account to support the operations of the
6 environmental science-water quality instructional programs at Montana state university-northern, to be
7 used for support costs, for matching funds necessary to attract additional funds to further expand
8 statewide impact, and for enhancement of the facilities related to the programs. Any amount of the
9 appropriation in this subsection (2)(a)(i) that is not pledged to repay bonds issued prior to January 1, 1999,
10 may be deposited in a nonexpendable trust account, the income from which may be used for the purposes
11 provided in this subsection.

12 (ii) \$2 million to be deposited into the renewable resource grant and loan program state special
13 revenue account, created by 85-1-604, for the purpose of making grants;

14 (iii) \$1.5 million to be deposited into the reclamation and development grants special revenue
15 account, created by 90-2-1104, for the purpose of making grants; and

16 (iv) \$300,000 to be deposited into the ground water assessment account created by 85-2-905.

17 (b) At the beginning of each biennium, there is allocated from the interest income of the resource
18 indemnity trust fund:

19 (i) an amount not to exceed \$175,000 to the environmental contingency account pursuant to the
20 conditions of 75-1-1101;

21 (ii) an amount not to exceed \$50,000 to the oil and gas production damage mitigation account
22 pursuant to the conditions of 82-11-161; and

23 (iii) \$500,000 to be deposited into the water storage state special revenue account created by
24 85-1-631.

25 (c) The remainder of the interest income is allocated as follows:

26 (i) Thirty percent of the interest income of the resource indemnity trust fund must be allocated
27 to the renewable resource grant and loan program state special revenue account created by 85-1-604.

28 (ii) Twenty-six percent of the interest income of the resource indemnity trust fund must be
29 allocated to the hazardous waste/CERCLA special revenue account provided for in 75-10-621.

30 (iii) Thirty-five percent of the interest income from the resource indemnity trust fund must be

1 allocated to the reclamation and development grants account provided for in 90-2-1104.

2 (iv) Nine percent of the interest income of the resource indemnity trust fund must be allocated to
3 the environmental quality protection fund provided for in 75-10-704.

4 (3) Any formal budget document prepared by the legislature or the executive branch that proposes
5 to appropriate funds other than as provided for by the allocations in subsection (2) must specify the
6 amount of money from each allocation that is proposed to be diverted and the proposed use of the diverted
7 funds. A formal budget document includes a printed and publicly distributed budget proposal or
8 recommendation, an introduced bill, or a bill developed during the legislative appropriation process or
9 otherwise during a legislative session.

10 **15-38-202. (Effective July 1, 2001) Investment of resource indemnity trust fund -- expenditure**
11 **-- minimum balance.** (1) All money paid into the resource indemnity trust fund, including money payable
12 into the fund under the provisions of 15-36-324 and 15-37-117, must be invested at the discretion of the
13 board of investments. Only the net earnings, excluding unrealized gains and losses, may be appropriated
14 and expended until the ~~book value of the~~ fund BALANCE, EXCLUDING UNREALIZED GAINS AND LOSSES, reaches
15 \$100 million. Thereafter, all net earnings, excluding unrealized gains and losses, and all receipts may be
16 appropriated by the legislature and expended, provided that the ~~balance in book value of the~~ fund BALANCE,
17 EXCLUDING UNREALIZED GAINS AND LOSSES, may never be less than \$100 million.

18 (2) (a) At the beginning of each fiscal year, there is allocated from the interest income of the
19 resource indemnity trust fund:

20 (i) \$240,000, which is statutorily appropriated, as provided in 17-7-502, to be deposited into the
21 renewable resource grant and loan program state special revenue account to support the operations of the
22 environmental science-water quality instructional programs at Montana state university-northern, to be
23 used for support costs, for matching funds necessary to attract additional funds to further expand
24 statewide impact, and for enhancement of the facilities related to the programs. Any amount of the
25 appropriation in this subsection (2)(a)(i) that is not pledged to repay bonds issued prior to January 1, 1999,
26 may be deposited in a nonexpendable trust account, the income from which may be used for the purposes
27 provided in this subsection.

28 (ii) \$2 million to be deposited into the renewable resource grant and loan program state special
29 revenue account, created by 85-1-604, for the purpose of making grants;

30 (iii) \$1.5 million to be deposited into the reclamation and development grants special revenue

1 account, created by 90-2-1104, for the purpose of making grants;

2 (iv) \$300,000 to be deposited into the ground water assessment account created by 85-2-905;
3 and

4 (v) \$500,000 to the department of fish, wildlife, and parks for the purposes of 87-1-283. The
5 future fisheries review panel shall approve and fund qualified mineral reclamation projects before other
6 types of qualified projects.

7 (b) At the beginning of each biennium, there is allocated from the interest income of the resource
8 indemnity trust fund:

9 (i) an amount not to exceed \$175,000 to the environmental contingency account pursuant to the
10 conditions of 75-1-1101;

11 (ii) an amount not to exceed \$50,000 to the oil and gas production damage mitigation account
12 pursuant to the conditions of 82-11-161; and

13 (iii) \$500,000 to be deposited into the water storage state special revenue account created by
14 85-1-631.

15 (c) The remainder of the interest income is allocated as follows:

16 (i) Thirty percent of the interest income of the resource indemnity trust fund must be allocated
17 to the renewable resource grant and loan program state special revenue account created by 85-1-604.

18 (ii) Twenty-six percent of the interest income of the resource indemnity trust fund must be
19 allocated to the hazardous waste/CERCLA special revenue account provided for in 75-10-621.

20 (iii) Thirty-five percent of the interest income from the resource indemnity trust fund must be
21 allocated to the reclamation and development grants account provided for in 90-2-1104.

22 (iv) Nine percent of the interest income of the resource indemnity trust fund must be allocated to
23 the environmental quality protection fund provided for in 75-10-704.

24 (3) Any formal budget document prepared by the legislature or the executive branch that proposes
25 to appropriate funds other than as provided for by the allocations in subsection (2) must specify the
26 amount of money from each allocation that is proposed to be diverted and the proposed use of the diverted
27 funds. A formal budget document includes a printed and publicly distributed budget proposal or
28 recommendation, an introduced bill, or a bill developed during the legislative appropriation process or
29 otherwise during a legislative session. (Terminates July 1, 2009--sec. 9, Ch. 529, L. 1999.)

30 **15-38-202. (Effective July 1, 2009) Investment of resource indemnity trust fund -- expenditure**

1 -- **minimum balance.** (1) All money paid into the resource indemnity trust fund, including money payable
2 into the fund under the provisions of 15-36-324 and 15-37-117, must be invested at the discretion of the
3 board of investments. Only the net earnings, excluding unrealized gains and losses, may be appropriated
4 and expended until the ~~book value of the fund~~ BALANCE, EXCLUDING UNREALIZED GAINS AND LOSSES, reaches
5 \$100 million. Thereafter, all net earnings, excluding unrealized gains and losses, and all receipts may be
6 appropriated by the legislature and expended, provided that the ~~balance in book value of the fund~~ BALANCE,
7 EXCLUDING UNREALIZED GAINS AND LOSSES, may never be less than \$100 million.

8 (2) (a) At the beginning of each fiscal year, there is allocated from the interest income of the
9 resource indemnity trust fund:

10 (i) \$240,000, which is statutorily appropriated, as provided in 17-7-502, to be deposited into the
11 renewable resource grant and loan program state special revenue account to support the operations of the
12 environmental science-water quality instructional programs at Montana state university-northern, to be
13 used for support costs, for matching funds necessary to attract additional funds to further expand
14 statewide impact, and for enhancement of the facilities related to the programs. Any amount of the
15 appropriation in this subsection (2)(a)(i) that is not pledged to repay bonds issued prior to January 1, 1999,
16 may be deposited in a nonexpendable trust account, the income from which may be used for the purposes
17 provided in this subsection.

18 (ii) \$2 million to be deposited into the renewable resource grant and loan program state special
19 revenue account, created by 85-1-604, for the purpose of making grants;

20 (iii) \$1.5 million to be deposited into the reclamation and development grants special revenue
21 account, created by 90-2-1104, for the purpose of making grants; and

22 (iv) \$300,000 to be deposited into the ground water assessment account created by 85-2-905.

23 (b) At the beginning of each biennium, there is allocated from the interest income of the resource
24 indemnity trust fund:

25 (i) an amount not to exceed \$175,000 to the environmental contingency account pursuant to the
26 conditions of 75-1-1101;

27 (ii) an amount not to exceed \$50,000 to the oil and gas production damage mitigation account
28 pursuant to the conditions of 82-11-161; and

29 (iii) \$500,000 to be deposited into the water storage state special revenue account created by
30 85-1-631.

(c) The remainder of the interest income is allocated as follows:

(i) Thirty percent of the interest income of the resource indemnity trust fund must be allocated to the renewable resource grant and loan program state special revenue account created by 85-1-604.

(ii) Twenty-six percent of the interest income of the resource indemnity trust fund must be allocated to the hazardous waste/CERCLA special revenue account provided for in 75-10-621.

(iii) Thirty-five percent of the interest income from the resource indemnity trust fund must be allocated to the reclamation and development grants account provided for in 90-2-1104.

(iv) Nine percent of the interest income of the resource indemnity trust fund must be allocated to the environmental quality protection fund provided for in 75-10-704.

(3) Any formal budget document prepared by the legislature or the executive branch that proposes to appropriate funds other than as provided for by the allocations in subsection (2) must specify the amount of money from each allocation that is proposed to be diverted and the proposed use of the diverted funds. A formal budget document includes a printed and publicly distributed budget proposal or recommendation, an introduced bill, or a bill developed during the legislative appropriation process or otherwise during a legislative session. (Terminates June 30, 2014--sec. 5, Ch. 497, L. 1999.)

15-38-202. (Effective July 1, 2014) Investment of resource indemnity trust fund -- expenditure -- minimum balance. (1) All money paid into the resource indemnity trust fund, including money payable into the fund under the provisions of 15-36-324 and 15-37-117, must be invested at the discretion of the board of investments. Only the net earnings, excluding unrealized gains and losses, may be appropriated and expended until the ~~book value of the~~ fund BALANCE, EXCLUDING UNREALIZED GAINS AND LOSSES, reaches \$100 million. Thereafter, all net earnings, excluding unrealized gains and losses, and all receipts may be appropriated by the legislature and expended, provided that the ~~balance in book value of the~~ fund BALANCE, EXCLUDING UNREALIZED GAINS AND LOSSES, may never be less than \$100 million.

(2) (a) At the beginning of each fiscal year, there is allocated from the interest income of the resource indemnity trust fund:

(i) \$2 million to be deposited into the renewable resource grant and loan program state special revenue account, created by 85-1-604, for the purpose of making grants;

(ii) \$1.5 million to be deposited into the reclamation and development grants special revenue account, created by 90-2-1104, for the purpose of making grants; and

(iii) \$300,000 to be deposited into the ground water assessment account created by 85-2-905.

(b) At the beginning of each biennium, there is allocated from the interest income of the resource indemnity trust fund:

(i) an amount not to exceed \$175,000 to the environmental contingency account pursuant to the conditions of 75-1-1101;

(ii) an amount not to exceed \$50,000 to the oil and gas production damage mitigation account pursuant to the conditions of 82-11-161; and

(iii) \$500,000 to be deposited into the water storage state special revenue account created by 85-1-631.

(c) The remainder of the interest income is allocated as follows:

(i) Thirty percent of the interest income of the resource indemnity trust fund must be allocated to the renewable resource grant and loan program state special revenue account created by 85-1-604.

(ii) Twenty-six percent of the interest income of the resource indemnity trust fund must be allocated to the hazardous waste/CERCLA special revenue account provided for in 75-10-621.

(iii) Thirty-five percent of the interest income from the resource indemnity trust fund must be allocated to the reclamation and development grants account provided for in 90-2-1104.

(iv) Nine percent of the interest income of the resource indemnity trust fund must be allocated to the environmental quality protection fund provided for in 75-10-704.

(3) Any formal budget document prepared by the legislature or the executive branch that proposes to appropriate funds other than as provided for by the allocations in subsection (2) must specify the amount of money from each allocation that is proposed to be diverted and the proposed use of the diverted funds. A formal budget document includes a printed and publicly distributed budget proposal or recommendation, an introduced bill, or a bill developed during the legislative appropriation process or otherwise during a legislative session."

Section 3. Section 17-5-703, MCA, is amended to read:

"17-5-703. (Temporary) Coal severance tax trust funds. (1) The trust established under Article IX, section 5, of the Montana constitution is composed of the following funds:

(a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal severance tax must be deposited;

(b) a treasure state endowment fund;

(c) a treasure state endowment regional water system fund;

(d) a coal severance tax permanent fund;

(e) a coal severance tax income fund; and

(f) a coal severance tax school bond contingency loan fund.

(2) (a) The state treasurer shall determine, on July 1 of each year, the amount necessary to meet all principal and interest payments on bonds payable from the coal severance tax bond fund during the next 12 months and retain that amount in the coal severance tax bond fund.

(b) The amount in the coal severance tax bond fund in excess of the amount required in subsection (2)(a) must be transferred from that fund as provided in subsections (3) through (5).

(3) (a) On January 21, 1992, and continuing as long as any school district bonds secured by state loans under 20-9-466 are outstanding, the state treasurer shall from time to time and as provided in subsection (3)(b) transfer from the coal severance tax bond fund to the coal severance tax school bond contingency loan fund any amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund.

(b) The state treasurer shall transfer the amount referred to in subsection (3)(a) until and unless the balance in the coal severance tax school bond contingency loan fund is equal to the amount due as principal of and interest on the school district bonds secured by state loans under 20-9-466 during the next following 12 months.

(4) (a) Beginning July 1, 1993, and ending June 30, 2013, the state treasurer shall quarterly transfer to the treasure state endowment fund 75% of the amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund and in excess of amounts that are transferred pursuant to subsection (3).

(b) Beginning July 1, 1999, and ending June 30, 2013, the state treasurer shall quarterly transfer to the treasure state endowment regional water system fund 25% of the amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund and in excess of amounts that are transferred pursuant to subsection (3).

(c) The state treasurer shall monthly transfer from the treasure state endowment fund to the treasure state endowment special revenue account the amount of realized earnings, EXCLUDING UNREALIZED GAINS AND LOSSES, required to meet the obligations of the state that are payable from the account in accordance with 90-6-710. Earnings not transferred to the treasure state endowment special revenue

1 account must be retained in the treasure state endowment fund.

2 (d) The state treasurer shall monthly transfer from the treasure state endowment regional water
3 system fund to the treasure state endowment regional water system special revenue account the amount
4 of ~~realized~~ earnings, EXCLUDING UNREALIZED GAINS AND LOSSES, required to meet the obligations of the state
5 that are payable from the account for regional water systems authorized under 90-6-715. Earnings not
6 transferred to the treasure state endowment regional water system special revenue account must be
7 retained in the treasure state endowment regional water system fund.

8 (5) Any amount in the coal severance tax bond fund in excess of the amount that is specified in
9 subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be
10 deposited in the coal severance tax permanent fund. (Terminates June 30, 2013--sec. 6, Ch. 495, L.
11 1999.)

12 **17-5-703. (Effective July 1, 2013) Coal severance tax trust funds.** (1) The trust established under
13 Article IX, section 5, of the Montana constitution is composed of the following funds:

14 (a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal
15 severance tax must be deposited;

16 (b) a treasure state endowment fund;

17 (c) a coal severance tax permanent fund;

18 (d) a coal severance tax income fund; and

19 (e) a coal severance tax school bond contingency loan fund.

20 (2) (a) The state treasurer shall determine, on July 1 of each year, the amount necessary to meet
21 all principal and interest payments on bonds payable from the coal severance tax bond fund during the next
22 12 months and retain that amount in the coal severance tax bond fund.

23 (b) The amount in the coal severance tax bond fund in excess of the amount required in subsection
24 (2)(a) must be transferred from that fund as provided in subsections (3) through (5).

25 (3) (a) On January 21, 1992, and continuing as long as any school district bonds secured by state
26 loans under 20-9-466 are outstanding, the state treasurer shall from time to time and as provided in
27 subsection (3)(b) transfer from the coal severance tax bond fund to the coal severance tax school bond
28 contingency loan fund any amount in the coal severance tax bond fund in excess of the amount that is
29 specified in subsection (2) to be retained in the fund.

30 (b) The state treasurer shall transfer the amount referred to in subsection (3)(a) until and unless

1 the balance in the coal severance tax school bond contingency loan fund is equal to the amount due as
2 principal of and interest on the school district bonds secured by state loans under 20-9-466 during the
3 next following 12 months.

4 (4) (a) Beginning July 1, 1993, and ending June 30, 2013, the state treasurer shall quarterly
5 transfer to the treasure state endowment fund 50% of the amount in the coal severance tax bond fund
6 in excess of the amount that is specified in subsection (2) to be retained in the fund and in excess of
7 amounts that are transferred pursuant to subsection (3).

8 (b) The state treasurer shall monthly transfer from the treasure state endowment fund to the
9 treasure state endowment special revenue account the amount of realized earnings, EXCLUDING UNREALIZED
10 GAINS AND LOSSES, required to meet the obligations of the state that are payable from the account in
11 accordance with 90-6-710. Earnings not transferred to the treasure state endowment special revenue
12 account must be retained in the treasure state endowment fund.

13 (5) Any amount in the coal severance tax bond fund in excess of the amount that is specified in
14 subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be
15 deposited in the coal severance tax permanent fund."
16

17 **Section 4.** Section 17-5-704, MCA, is amended to read:

18 **"17-5-704. Investment of funds.** Money in the coal severance tax bond fund, the coal severance
19 tax permanent fund, the coal severance tax income fund, and the coal severance tax school bond
20 contingency loan fund must be invested in accordance with the investment standards for coal severance
21 tax funds. Income and earnings, excluding unrealized gains and losses, from all funds must be deposited
22 in the state general fund."
23

24 NEW SECTION. **Section 5. Effective date.** [This act] is effective on passage and approval.

25 - END -